

HOUSE BILL NO. 664

INTRODUCED BY JOPEK, BLASDEL

A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE ECONOMIC AFFAIRS INTERIM COMMITTEE TO CONDUCT A STUDY OF MILK REGULATION AND THE MILK INDUSTRY IN MONTANA; PROVIDING AN APPROPRIATION; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Legislative findings.** The legislature finds that:

(1) milk is a vital commodity and the quality, supply, and price of milk in Montana is of vital importance to the health and welfare of the people of this state;

(2) the milk industry is facing new and different challenges;

(3) the milk industry has expanded to include nontraditional milk sources;

(4) the board of milk control is different from other boards that are administratively attached to an executive branch agency because the board of milk control decisions affect prices received by producers;

(5) the board of milk control adopts rules to be implemented by the milk control bureau within the board of livestock;

(6) any amendments to milk control statutes need to be well thought out and carefully analyzed to avoid negative impacts to producers, processors, haulers, and other members of the milk industry;

(7) milk control statutes and the organization of regulation of the milk industry are complex;

(8) the milk industry is subject to a quota system, as well as a pooling arrangement, that may not be working in the best interests of the milk industry or Montana consumers;

(9) Montana producers are fortunate to have processors located in Montana to allow for the processing of locally produced milk and for distribution of Montana milk within Montana and to neighboring states;

(10) there are significant opportunities to develop and expand on nontraditional milk production in Montana;

(11) milk classification may directly relate to the milk quota system and milk surplus and may thus affect pricing of milk in Montana and the ability to produce and sell milk in Montana;

(12) any action that may result in the loss of a portion of the dairy industry in Montana would likely affect

1 the quality and price of milk available to Montana consumers; and

2 (13) it is in the state's best interest to conduct a detailed study of the milk industry and the regulations
3 associated with the milk industry in order to maintain a vibrant and competitive milk industry in Montana.

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5 **NEW SECTION. Section 2. Interim study of milk regulation and Montana milk industry.** (1) The
6 economic affairs interim committee established in 5-5-202 shall conduct a study of milk regulation and the milk
7 industry in Montana during the 2009-2010 interim. The study must include but is not limited to:

8 (a) the regulatory hierarchy of the milk industry in Montana;

9 (b) the existing quota system and its benefits and detriments to the milk industry and consumers;

10 (c) the existing milk pool and opportunities to improve the process for producer compensation;

11 (d) opportunities to provide incentives for large-scale and small-scale production and processing of milk
12 in Montana as a local commodity;

13 (e) evaluation of the relationship between the board of milk control and the milk control bureau and any
14 associated rules;

15 (f) analysis of the milk classification system and the percentages of each class generally produced in
16 Montana; and

17 (g) other issues that the economic affairs interim committee determines are appropriate.

18 (2) The economic affairs interim committee shall conclude its study by September 15, 2010, and submit
19 a report to the 62nd legislature that includes findings, conclusions, and recommendations, including any
20 suggestions for legislation necessary to implement the findings, conclusions, and recommendations of the study.

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22 **NEW SECTION. Section 3. Appropriation.** There is appropriated ~~\$20,000~~ \$5,000 from the general
23 fund for the biennium beginning July 1, 2009, for the purpose of funding an interim study of milk regulation and
24 the milk industry in Montana by the economic affairs interim committee.

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26 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2009.

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